



**REVIEW OF ARTICLE X
SECTIONS 16 THROUGH 24
CONSTITUTION OF MISSOURI
YEAR ENDED JUNE 30, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-54
July 10, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2001

The following is a review conducted by our office of Article X, Sections 16 through 24, Constitution of Missouri.

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5, which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

The State Auditor's Office performs a review of the state's compliance with the provisions of the Hancock Amendment to verify the accuracy of the revenue limit computation performed by the Office of Administration, Division of Budget and Planning (OA-BP). The auditor's review agreed with the OA-BP that no refund is due to taxpayers for the year ended June 30, 2000.

In regard to past notable court actions, on January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et. al., 959 S.W. 2d 107 (Mo. 1998). This decision determined that taxes and other funds collected by the state may not be considered revenue in the context of total state revenue unless they meet a two-part test derived from an earlier judicial definition of revenue: (1) the funds must be received into the state treasury; and (2) the funds must be subject to appropriation.

On June 29, 1999, the Missouri Supreme Court entered a final decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999). This decision determined that Article IV, Section 43 (b) prohibits the disbursement of monies specified in that section for the purpose of making the refund required by Article X, Section 18, and that revenue derived from the one-eighth of one percent sales tax imposed by Article IV, Section 43(a) is not includable in total state revenue.

In December 1999, two lawsuits were filed in the Cole County Circuit Court. The first case, Flotron v. Carnahan, et. al., 99CV323351, claims that the Supreme Court held in Conservation Federation v. Hanson, 994 S.W. 2d 27 (Mo. Banc. 1999) that all revenue from the conservation sales tax must be removed not only from yearly total state revenues, but also from the baseline calculation for 1981. The second case, Missouri Merchants and Manufacturers Association, et. al. v. State of Missouri, et. al., 99CV323530 claims that the state has not included tax credits in the calculation of the revenue limit and TSR. These two lawsuits were consolidated, and on March 8, 2001, the Missouri Supreme Court handed down its decision in Missouri Merchants and Manufacturers Assoc. v. State of Missouri, 2001 WL 224725 (Mo.). The court held that the auditor and the OA-BP correctly decided to keep conservation sales tax revenues in the baseline calculation while excluding them from yearly total state revenues. The court further found that tax credits which exceed a taxpayer's liability, resulting in a refund to the individual taxpayer, should be included in the calculation of total state revenue.

YELLOW SHEET

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Michael Hartmann, Commissioner
Office of Administration
Jefferson City, MO 65102

We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2000, and the application to those revenues of Article X, Sections 16 through 24, of the Constitution of Missouri, more commonly referred to as the Hancock Amendment (included as Appendix). We had previously reported on revenues of the state for the years ended June 30, 1982 through 1999. The amendment, which was adopted by the voters of Missouri on November 4, 1980, limits the growth of state revenues collected in any fiscal year. The objectives of this review were to:

1. Evaluate the formula to calculate the state's revenue limit.
2. Determine the specific items included in total state revenues.
3. Verify the accuracy of the revenue limit computation and comparing that limit to total state revenues.
4. Review the state's overall compliance with the provisions of the amendment.

Our review included only the application of the revenue limit to state revenues and, accordingly, did not include a review of the effects of the amendment on any local governmental unit.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we held discussions with personnel of the Office of Administration, Division of Budget and Planning, inspected relevant records and reports compiled by that office, and reviewed reports from the statewide accounting system. We reviewed this information to the extent necessary to satisfy ourselves that the following Exhibits are fairly stated in all material respects.

Our review was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional

procedures, other information might have come to our attention that would have been included in this report.

The following Executive Summary and the Background, Methodology, and Conclusions present our comments, findings, and conclusions concerning the state's overall compliance with the provisions of Article X, Sections 16 through 24, Constitution of Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 16, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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EXECUTIVE SUMMARY

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
EXECUTIVE SUMMARY

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5 which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2000, 1999, 1998, 1997, and 1996. The calculations for years prior to 1998 have been changed to comply with a Supreme Court decision as further explained below.

On January 27, 1998, the Missouri Supreme Court entered a final decision in Kelly v. Hanson, et. al., 959 S.W. 2d 107 (Mo. 1998). This decision determined that taxes and other funds collected by the state may not be considered revenue in the context of TSR unless they meet a two-part test derived from an earlier judicial definition of revenue: (1) the funds must be received into the state treasury; and (2) the funds must be subject to appropriation. Thus, the Hancock Amendment presents unique financial related legal requirements that must be taken into consideration. The items that the Supreme Court specifically ruled on are as follows:

1. The Federal Reimbursement Allowance and the Nursing Facility Reimbursement Allowance tax imposed by the state to pay the state's share of the costs of the Medicaid program is collected by an offset against Medicaid claims and is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.
2. The local use tax imposed by the state under Section 144.748, RSMo, until repealed on May 21, 1996, and distributed to local government is not deposited in the state treasury and is not appropriated. As a result, this revenue is not included in TSR.
3. Revenue from one dollar of a state imposed two dollar admission fee to gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
4. Ten percent of the revenue for an adjusted gross receipts tax imposed by the state on gaming riverboats is remitted to the "home dock city or county" and is not deposited in the state treasury. As a result, this revenue is not included in TSR.
5. An adjustment to the revenue limit related to the state assuming certain judicial clerk salaries is appropriate.

On November 24, 1998, the Missouri Court of Appeals, Western District entered a final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar of the state imposed two dollar admission fee to gaming riverboats is not included in TSR while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs for gaming riverboats is included in TSR.

The State Auditor's Office (SAO) and the Office of Administration, Division of Budget and Planning (OA-BP) did not present an issue to the Supreme Court concerning the proper accounting for the effect of tax refunds. However, because the Supreme Court decision indicated that the Hancock provisions in the constitution require the actual receipt of revenue, the amendment presents a cash basis system of accounting. Based on the Court's decision, the SAO has changed the calculation of refunds from an appropriations basis to a cash basis.

On June 29, 1999, the Missouri Supreme Court entered a final decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999). This decision determined that Article IV, Section 43(b) prohibits the disbursement of monies specified in that section for the purpose of making the refund required by Article X, Section 18, and that revenue derived from the one-eighth of one percent sales tax imposed by Article IV, Section 43(a) is not includable in TSR.

This decision related to the use of Conservation Fund monies for making refunds under the Hancock Amendment. The General Assembly appropriated a total of approximately \$6 million from the Conservation Fund to be used to pay for refunds due to taxpayers under the Hancock Amendment for fiscal years 1995 and 1996. The Conservation Federation filed suit declaring that moneys in the Conservation Fund may not be used to make these refunds and that the sales tax proceeds are not includable in TSR. The Supreme Court ruled that Article IV, Section 43(b) requires that conservation funds be expended for conservation purposes as specified in that section and using these funds to pay for Hancock refunds is, therefore, unconstitutional.

This decision also related to whether the conservation sales tax should be included in TSR. The Supreme Court noted that the conservation sales tax imposed by Section 42(a) was enacted by a vote of the people in 1976, which was four years before the Hancock Amendment was approved. However, Section 43(b) was adopted contemporaneously with the Hancock Amendment and, therefore, went into effect after the Hancock Amendment's baseline period for TSR, which was fiscal year 1981. Thus, this case presents the unique situation that a tax was approved by the voters prior to the Hancock Amendment, but the voter-approved (indeed voter mandated) spending of that revenue was approved after the Hancock Amendment's initial tax and spending ceiling was calculated.

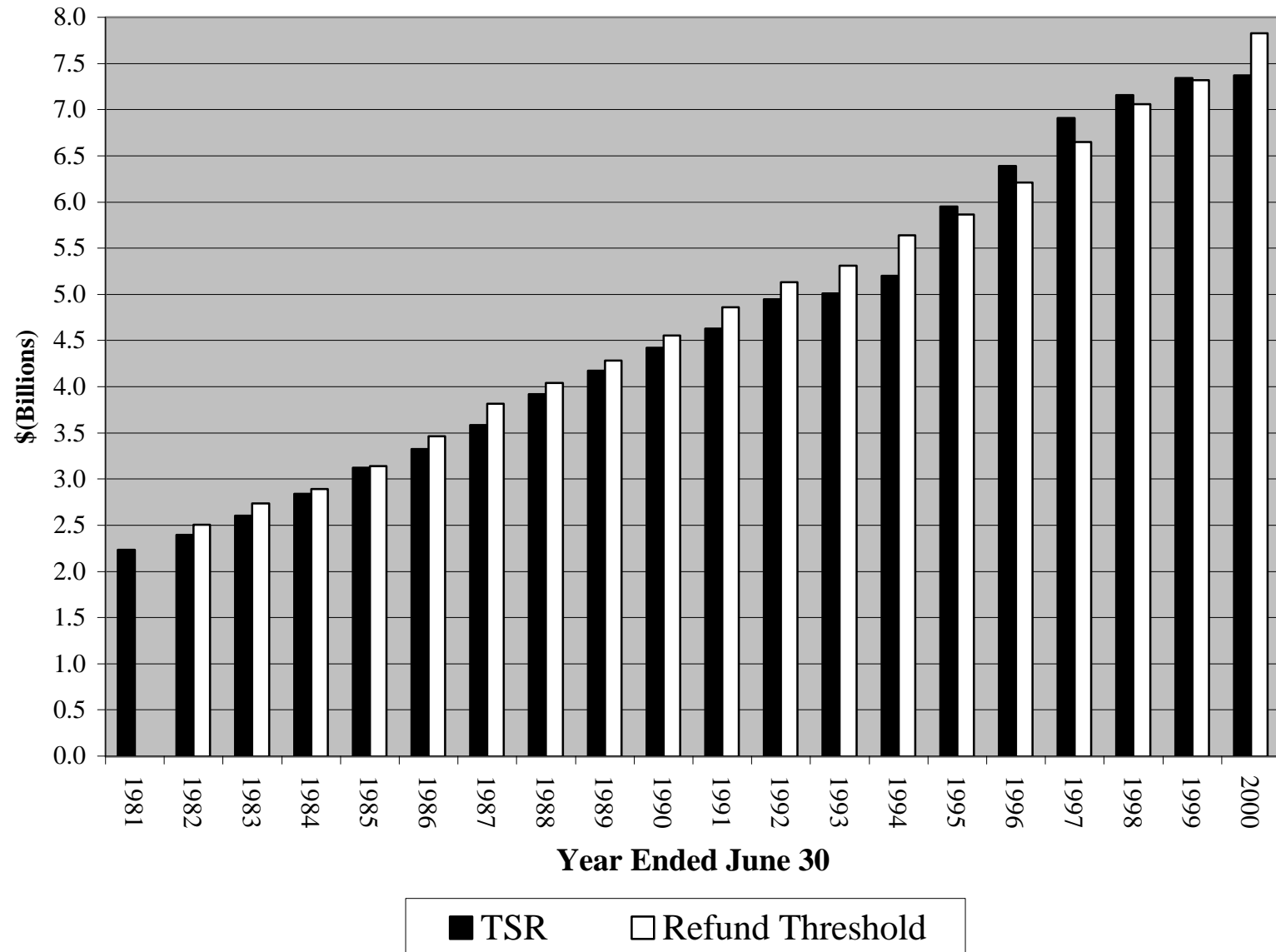
Since the state had already paid refunds to taxpayers for fiscal years 1995, 1996, and 1997, the state has decided not to recalculate TSR for those years. However, for fiscal year 1998, the state has excluded the conservation sales tax (and related interest earnings) from TSR in accordance with the Supreme Court decision. In addition, the state will not pay any refunds (for prior years or future years) from the Conservation Fund.

Although we agree with OA-BP's calculation of TSR for 2000, 1999, and 1998, we consider a few items open to interpretation, which deal with whether to include or exclude from TSR the monies received by the state for cost reimbursements and recovery costs. These issues are discussed in more depth later in this report.

In December 1999, two lawsuits were filed in the Cole County Circuit Court. The first case, Flotron v. Carnahan, et. al., 99CV323351, claims that the Supreme Court held in Conservation Federation v. Hanson, 994 S.W. 2d 27 (Mo. Banc. 1999) that all revenue from the conservation sales tax must be removed not only from yearly total state revenues, but also from the baseline calculation for 1981. The second case, Missouri Merchants and Manufacturers Association, et. al. v. State of Missouri et. al., 99CV323530 claims that the state has not included tax credits in the calculation of the revenue

limit and TSR. These two lawsuits were consolidated, and on March 8, 2001, the Missouri Supreme Court handed down its decision in Missouri Merchants and Manufacturers Assoc. v. State of Missouri, 2001 WL 224725 (Mo.). The court held that the auditor and the OA-BP correctly decided to keep conservation sales tax revenues in the baseline calculation, while excluding them from yearly total state revenues. The court further found that tax credits which exceed a taxpayer's liability, resulting in a refund to the individual taxpayer, should be included in the calculation of total state revenue. The case has been remanded to determine what impact, if any, this latter holding would have on Hancock refunds for the years in question.

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24
CONSTITUTION OF MISSOURI
CHART OF TOTAL STATE REVENUES VERSUS REFUND THRESHOLD



EXHIBITS

Exhibit A

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24, CONSTITUTION OF MISSOURI
SUMMARY OF TOTAL STATE REVENUE AND REFUND CALCULATIONS
FIVE YEARS ENDED JUNE 30, 2000
(IN MILLIONS)

		Year Ended June 30,				
		1996	1997	1998	1999	2000
TOTAL STATE REVENUE (TSR)						
Total state receipts	\$	12,308.50	13,225.70	14,162.44	15,076.69	15,871.29
Less excluded revenue		(5,391.98)	(5,765.43)	(6,360.21)	(6,846.96)	(7,442.20)
Less expenditure refunds		(529.59)	(551.53)	(647.09)	(886.05)	(1,057.35)
TSR	\$	6,386.93	6,908.74	7,155.14	7,343.68	7,371.74

REVENUE LIMIT AND REFUND THRESHOLD

MPI	\$	108,519.00	116,154.00	123,280.00	127,795.00	136,754.00
Base year ratio	x	0.056395	0.056395	0.056395	0.056395	0.056395
Base limit		6,119.93	6,550.50	6,952.38	7,207.00	7,712.24
Judicial article amendment		31.74	33.98	36.02	37.82	39.70
Revenue limit		6,151.67	6,584.48	6,988.40	7,244.82	7,751.94
1 percent adjustment		61.52	65.84	69.88	72.45	77.52
Refund threshold	\$	6,213.19	6,650.32	7,058.28	7,317.27	7,829.46

REFUND CALCULATION

TSR	\$	6,386.93	6,908.74	7,155.14	7,343.68	7,371.74
Less refund threshold		6,213.19	6,650.32	7,058.28	7,317.27	7,829.46
Over (Under) Threshold		173.74	258.42	96.86	26.41	(457.72)
1 percent adjustment		61.52	65.84	69.88	72.45	0.00
Refund	\$	235.26	324.26	166.74	98.86	0.00

See the accompanying Notes to the Exhibits.

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1996	1997	1998	1999	2000
101	General Revenue	\$ 5,203,140,977	5,608,125,529	5,876,559,243	6,001,497,597	6,029,729,370
104	Vocational Rehabilitation - Federal	511,415	1,370	11,508	7,262	7,585
105	Elementary and Secondary Education - Federal and Other	72,241	192,813	177,318	108,542	29,754
106	Cash Operating Reserve - General Revenue	12,166,856	12,716,720	13,953,430	15,066,578	15,732,796
107	Budget Stabilization	1,467,772	5,022,803	6,823,161	7,354,863	7,648,358
108	Uncompensated Care	0	0	0	0	0
109	Mental Health Interagency Payments	0	0	0	245	583,224
111	Division of Youth Services - Federal and Other	2,519	3,351	2,335	1,605	10,334
112	Office of the State Public Defender - Federal and Other	0	0	7,244	0	0
113	Health Interagency Payments	0	0	0	0	0
115	State Auditor - Federal	0	0	0	0	0
116	Department of Higher Education - Federal	9,505	0	0	0	27,218
117	Department of Labor and Industrial Relations - Commission on Human Rights - Federal	0	0	0	0	0
118	Department of Economic Development - Community Development Block Grant (Pass-through)	0	0	0	0	0
119	Department of Economic Development - Women's Council - Federal	79,272	20,089	400	0	0
121	Department of Public Safety - JAIBG	0	0	0	45,964	268,805
123	Department of Economic Development - Community Development Block Grant (Administration)	0	0	(1,000)	0	(1,200)
124	Facilities Maintenance Reserve	0	0	95,631	240,483	819,689
125	Food Stamp EBT Settlement	0	0	0	0	0
126	Multimodal Operations - Federal	669,562	1,154,513	12,852	4,204	110,793
129	Department of Economic Development - Federal and Other	16,711	0	0	0	0
130	Department of Corrections - Federal	0	0	20,045	0	0
132	Department of Revenue - Federal	0	0	0	2,095	501
133	Department of Agriculture - Federal and Other	0	0	(8,512)	0	10,966
134	Utilicare Utilization	0	0	0	975,731	15,189
135	Office of Administration - Federal and Other	0	0	0	0	0
136	Attorney General - Federal and Other	(138,041)	(25,702)	(14,811)	(33)	0
137	Supreme Court - Federal and Other	9,912	(2,773)	0	0	0
138	Department of Economic Development - Missouri Council on the Arts - Federal and Other	0	0	0	0	0
140	Department of Natural Resources - Federal and Other	77,355	35,037	14,673	(65)	15,641
141	DED - Federal and Other	1,152,541	0	0	0	0
142	Federal Reimbursement Allowance	11,017,229	16,646,623	18,898,674	15,343,821	14,460,242
143	Department of Health - Federal	609,738	(834,612)	219,742	191,277	275,527
145	State Emergency Management - Federal and Other	0	0	0	0	237,667
148	Department of Mental Health - Federal	8,302	10,219	32,323	(1,670)	254,006
149	Department of Public Safety - Highway Safety	0	0	101	(147,738)	78
152	Department of Public Safety - Federal	9,549	81,466	38,898	184,687	532
153	Division of Aging - Federal and Other	25	0	3	0	0
155	Job Development and Training	(6,155)	24	0	0	39,056
156	Department of Social Services - Federal and Other	10,579	54,638	2,520	0	0
161	Title XIX - Patient Placement - General Revenue	0	0	0	0	0
162	ADC - Federal	3,734	0	0	0	0
163	Title XIX - Federal	0	0	71	0	0
167	Division of Family Services Donations	12,193	111,811	189,051	83,699	10,243
168	Division of Aging Donations	0	0	0	0	0
169	Child Support Enforcement Collections	(98,339)	(112,745)	(145,227)	(458,743)	(533,497)
176	General Revenue Reimbursements	0	(5,399)	(313)	0	0
177	Missouri Humanities Council Trust	0	6,687	10,445	18,909	48,541
184	Missouri Veterans Commission - Federal	0	0	0	0	0
185	MCSAP/Division of Transportation - Federal	4,456	0	94	140	161
186	Division of Labor Standards - Federal	0	0	0	0	0
187	Division of Workers' Compensation - Federal	0	0	0	0	0
188	Governor's Committee on Employment of the Handicapped - Federal	29,693	29,180	3,395	0	411,576
189	Federal and Other	(2,312)	(13,915)	52,452	(66,128)	(4,776)

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1996	1997	1998	1999	2000
190	Adjutant General - Federal	(22,444)	(129,430)	(174,584)	(142,549)	(122,777)
191	Department of Labor and Industrial Relations - Crime Victims - Federal	0	0	0	0	0
192	Federal - MDI	170,532	0	0	0	0
194	Federal Drug Seizure	29,080	32,051	50,807	108,330	815,995
195	Secretary of State - Federal	103	727	0	0	40
196	Nursing Facility Federal Reimbursement Allowance	3,479,394	5,332,352	6,419,455	6,330,886	7,042,785
197	Community Service Commission - Federal and Other	0	0	0	0	100
198	Post Closure Fund	0	0	45,676	14,645	13,428
199	Temporary Assistance for Needy Families - Federal	0	0	0	0	0
	Water Pollution Control Bond and Interest:					
220	Pre Tax Act 1986	484,563	395,046	125,400	32,919	0
221	Series B 1987	0	0	0	0	0
222	Series A 1989	54,675	62,204	59,432	67,820	0
224	Series A 1991	54,011	61,186	58,239	67,225	78,943
225	Series B 1992	147,110	247,412	270,073	311,916	254,619
226	Series A 1992	129,903	148,120	141,688	161,752	133,828
227	Series B&C 1991	234,974	232,510	238,548	242,318	240,621
228	Series A 1993	105,473	120,046	114,512	130,881	107,893
229	Series B 1993	307,088	352,439	420,455	528,382	474,013
	Third State Building Bond Interest and Sinking:					
230	Pre Tax Act 1986	1,033,963	646,518	8,298	0	0
231	Post Tax Act 1986	0	0	0	0	0
232	Series A&B 1991	489,089	483,718	674,779	515,075	503,752
233	Series A 1992	762,647	1,254,351	1,456,912	1,738,811	1,420,187
234	Series A 1993	432,507	496,347	756,003	1,026,325	838,082
	Water Pollution Control Bond and Interest -					
235	Series A 1995	111,403	128,950	124,739	143,090	118,476
236	Series A 1996	0	104,408	147,391	169,010	138,598
237	Series A 1998	0	0	6	111,817	131,440
238	Series A 1999	0	0	0	0	41,998
	Fourth State Building Bond and Interest -					
240	Series A 1995	273,396	322,451	311,714	357,709	296,110
241	Series A 1996	0	372,751	526,591	603,466	495,633
242	Series A 1998	0	0	9	159,738	187,651
	Soil and Water Conservation Bond and Interest-					
243	Series A 1999	0	0	0	0	41,998
246	Motorcycle Safety Trust	2,385	3,972	4,001	2,592	1,068
247	Hearing Instrument Specialist	22,590	70,665	71,590	67,750	64,325
249	Compulsive Gamblers	300,000	0	165,000	50,000	0
253	Missouri Crime Prevention Information and Programming	0	0	0	0	0
254	Missouri Housing Trust	3,595,779	3,717,438	4,218,072	5,101,111	4,359,831
255	Treasurer's Information	14,608	(12,604)	0	0	0
256	State Committee of Interpreters	0	0	0	0	28,340
257	Elevator Safety	0	0	0	0	580
261	Residential Mortgage Licensing	0	229,718	206,779	253,577	249,076
262	Missouri Arts Council Trust	40,758	360,162	646,287	868,759	680,943
263	Board of Geologist Registration	129,540	97,035	98,735	97,360	94,840
264	Missouri Commission for the Deaf Board of Certification of Interpreters	19	23,741	57,452	55,180	53,765
265	Gaming Commission Bingo	126,089	127,261	102,865	93,223	79,256
266	Secretary of State's Technology Trust Fund Account	2,216,093	2,284,533	2,300,375	2,237,163	2,332,062
267	Missouri Air Emission Reduction	0	0	0	0	375,581
269	Missouri National Guard Training Site	172,645	200,022	209,420	251,972	296,720
270	Statewide Court Automation	4,134,134	4,184,606	4,389,356	4,650,327	4,605,592
271	Nursing Facility Quality of Care	761,874	1,083,679	998,513	1,035,715	1,287,745
272	Missouri Student Grant Program Gift	0	0	0	0	36,845
274	Division of Tourism Supplemental Revenue	0	0	0	0	4,754
275	Health Initiatives	32,275,006	32,223,483	32,706,731	32,481,966	32,951,015
276	Health Access Incentive	850,000	0	0	(27)	64,259

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1996	1997	1998	1999	2000
277	Mental Health Housing Trust	0	4,019	176	195	237
278	Family Support Loan Program	9,647	16,884	20,627	20,782	23,467
279	School Building Revolving	0	0	0	170,232	943,878
280	Business Extension Service Team	0	0	0	0	0
281	Peace Officers Standards and Training Commission	301,104	418,625	983,415	1,330,822	1,418,251
284	Independent Living Center	138,900	170,204	215,370	229,851	226,596
285	Gaming Proceeds for Education	0	0	0	0	0
286	Gaming Commission	10,073,218	10,894,185	11,598,983	12,932,432	9,464,456
287	Outstanding Schools Trust	10,068,818	14,204,380	18,753,652	19,830,070	15,741,639
288	Mental Health Earnings	2,515,064	1,646,729	1,518,350	1,667,082	1,734,127
289	Bingo Proceeds for Education	0	0	0	0	0
290	Highway Department - Grade Crossing Safety Account	1,241,628	1,046,319	1,087,828	1,092,874	758,150
291	Lottery Proceeds	289	1,436	327	0	46
292	Animal Health Laboratory Fee	232,636	262,064	298,099	323,488	363,691
293	Mammography	63,984	86,684	91,434	91,550	99,417
295	Animal Care Reserve	243,647	253,783	266,084	269,657	273,482
296	Division of Aging - Elderly Home Delivered Meals Trust	182	211	19,892	140	36,184
297	Highway Patrol Inspection	877,026	1,076,350	1,088,625	1,081,460	1,189,300
298	Missouri Public Health Services	758,657	639,393	1,688,006	1,440,800	1,425,700
299	Livestock Brands	18,375	16,920	30,120	31,025	21,780
304	Veteran's Homes Capital Improvement Trust	68,831	275,570	1,391,613	3,233,103	4,395,379
320	State Road	20,927,760	11,228,850	18,296,844	21,192,666	138,674,676
325	Veterans Homes Capital Improvement	136,091	47,801	0	0	0
348	Water Pollution Control - Series A 1993 - 37C	162,446	34,581	0	0	0
349	Water Pollution Control - Series A 1993 - 37E	15,445	0	0	0	0
351	Water Pollution Control - Series A 1995 - 37C	242,872	112,250	0	0	0
352	Water Pollution Control - Series A 1995 - 37E	1,004,170	313,244	0	0	0
353	Water Pollution Control - Series A 1996 - 37C	0	502,120	484,911	385,676	123,710
354	Water Pollution Control - Series A 1996 - 37E	0	844,553	880,504	476,218	27,050
355	Water Pollution Control - Series A 1998 - 37C	0	0	36	331,841	393,042
356	Water Pollution Control - Series A 1998 - 37E	0	0	131	1,220,732	1,324,085
357	Water Pollution Control - Series A 1999 - 37E	0	0	0	0	272,747
360	Third State Building - Pre Tax Act 1986	301,821	199,935	120,177	70,179	50,402
371	Third State Building Trust - Pre Tax Act 1986	1,925	1,669	0	1,658	0
380	Fourth State Building - Series A 1995	3,211,948	1,391,385	0	0	0
381	Fourth State Building - Series A 1996	0	4,803,635	4,050,880	809,357	0
382	Fourth State Building - Series A 1998	0	0	236	2,026,496	1,087,575
383	Stormwater - Series A 1999 - 37H	0	0	0	0	546,082
384	Water Pollution Control - Series A 1999 - 37G	0	0	0	0	273,336
403	Mental Health Central Supply	0	0	0	0	0
406	Commodity Council Merchandising	8,929,820	10,748,958	9,727,565	336,529	74,661
407	Federal Surplus Property	1,616,386	1,403,661	1,813,341	1,949,854	2,005,165
408	Single-purpose Animal Facilities Loan Program	54,146	235,061	154,112	118,793	135,873
410	State Fair Fees	2,516,152	2,393,159	2,719,103	3,124,498	3,016,380
412	Agricultural Product Utilization Business Development Loan Program	0	0	0	14,591	512
413	Agricultural Product Utilization Grant	0	0	0	9,079	24,189
415	State Parks Earnings	5,755,621	5,526,811	7,168,783	5,910,361	6,648,259
420	State Parks Revolving	145,172	389,949	447,305	505,293	25,851
425	Natural Resources Revolving Services	254,343	281,535	414,256	433,814	520,287
430	Historic Preservation Revolving	89,034	17,227	16,739	35,129	31,358
460	Missouri Veterans' Homes	9,181,603	9,200,352	9,121,616	10,172,503	10,388,396
465	Missouri State Chest Hospital	3,377,440	197,193	0	0	0
500	Department of Natural Resources Cost Allocation	(1,005)	62	0	207	1,191
501	State Facility Maintenance and Operation	0	198,889	199,295	201,053	164,801
505	Office of Administration Revolving Administrative Trust	12,930,918	12,775,659	9,828,139	11,329,043	11,253,624
510	Working Capital Revolving	1,866,955	1,840,155	1,907,847	2,270,013	12,328,580
511	Microfilming Service Revolving Trust	561	12	3,391	12	0
515	Central Check Mailing Service Revolving	0	0	0	0	0
520	House of Representatives Revolving	31,170	24,001	21,305	19,345	1,597

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1996	1997	1998	1999	2000
525	Supreme Court Publications Revolving	112,359	124,282	53,679	162,043	0
530	Adjutant General Revolving	59,093	49,134	50,447	63,179	37,348
535	Senate Revolving	10,880	42,610	9,336	11,427	9,205
540	Inmate Revolving	3,085,362	3,260,298	3,431,892	3,459,684	3,453,885
545	Department of Social Services Administrative Trust	183,463	445,050	170,745	44,827	203,355
546	Statutory Revision	225,824	162,149	170,458	178,802	137,619
547	Department of Economic Development Administrative	1,839,580	38,984	23,941	7,976	12,939
548	Division of Credit Unions	735,264	794,654	832,926	871,050	1,091,219
549	Division of Savings and Loan Supervision	42,865	38,751	38,635	37,550	26,843
550	Division of Finance	6,763,194	7,199,578	7,331,979	7,023,357	6,645,648
551	Industrial/Commercial Energy Conservation Loan	173,974	136,144	0	0	0
552	Insurance Examiners	6,353,390	7,032,816	6,620,279	7,161,085	2,114
554	Firing Range Fee	470	0	0	0	0
555	Natural Resources Protection	354,204	260,030	30,168	554,307	55,855
556	Youth Service and Conservation Corps	0	0	0	0	0
559	Deaf Relay Service	4,503,021	4,754,625	5,045,207	5,218,209	5,853,084
560	Mortgage Broker Administration	1,100	0	0	0	0
561	Real Estate Appraisers	314,764	297,049	277,744	306,221	428,153
562	Endowed Care Cemetery Audit	203,290	153,771	141,131	133,368	136,928
563	Missouri Community College Job Training Program	6,393,596	6,924,397	7,791,944	9,355,975	11,600,919
565	Professional and Practical Nursing Student Loan and Nurse Loan Repayment	370,452	699,999	76,423	704,444	215,732
566	Department of Insurance Dedicated	6,880,730	6,707,213	7,643,287	7,848,903	8,180,779
567	International Trade Show Revolving	37,390	85,077	44,390	22,906	42,906
568	Natural Resources Protection - Water Pollution Permit Fee Subaccount	2,850,079	4,685,674	4,580,914	5,331,953	4,615,920
569	Solid Waste Management - Scrap Tire Subaccount	1,651,838	1,728,208	1,767,698	1,925,453	1,952,081
570	Solid Waste Management	7,075,466	7,357,325	8,066,622	9,194,937	9,520,612
573	Aquaculture Marketing Development	18,053	19,020	10,837	10,597	10,880
574	Clinical Social Workers	234,869	286,463	282,363	289,935	268,204
575	Metallic Minerals Waste Management	92,429	93,142	94,108	104,153	94,345
576	Landscape Architectural Council	19,360	21,180	22,445	22,210	25,840
577	Local Records Preservation	1,190,145	1,250,992	1,372,966	1,730,569	1,459,516
579	Veterans Trust	16,509	19,305	21,243	24,294	24,921
580	State Committee of Psychologists	366,572	350,699	354,581	371,552	374,341
581	Livestock Sales and Markets Fees	14,990	13,875	13,725	13,505	12,075
582	Manufactured Housing	500,876	552,592	534,724	502,155	288,993
583	Missouri Health Care Providers	114,664	75,815	13,270	(70)	0
584	Natural Resources Protection - Air Pollution Asbestos Fee Subaccount	519,895	450,613	327,665	250,230	319,086
585	Underground Storage Tank Insurance	4,363,430	16,685,770	18,001,607	18,031,848	18,180,128
586	Underground Storage Tank Regulation Program	86,483	94,443	687,277	385,798	257,068
587	Chemical Emergency Preparedness	734,915	723,515	687,261	741,172	727,820
588	Motor Vehicle Commission	999,572	1,023,983	909,808	938,732	964,083
589	Health Spa Regulatory	5,800	5,700	5,400	4,050	6,500
591	State Forensic Laboratory	250,000	250,000	250,000	250,000	250,000
592	Services to Victims	925,240	1,706,463	2,567,069	3,004,163	3,109,202
594	Natural Resources Protection Air Pollution Permit Fee Subaccount	5,995,951	7,051,966	6,968,599	6,310,586	6,741,436
598	Medical School Loan and Loan Repayment Program	0	0	0	(379)	27,787
599	Video Instructional Development and Educational Opportunity	0	0	0	0	0
600	Missouri Job Development	388	0	0	0	0
601	Children's Services Commission	747	746	858	861	899
602	Water and Wastewater Loan Revolving	4,137,706	6,162,800	7,245,092	9,078,862	8,347,198
603	Attorney General's Court Costs	19,612	5,858	9,525	19,310	14,664
605	Missouri Breeders	3,619	3,732	3,976	4,119	4,175
607	Public Service Commission	11,873,034	11,576,967	12,200,053	14,282,975	15,997,062
608	Grade Crossing and Safety Account	0	0	0	0	0
609	Conservation Commission	104,348,924	110,506,508	28,454,208	34,207,585	38,665,218

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund		Year Ended June 30,				
Number	Fund Name	1996	1997	1998	1999	2000
610	Division of Family Services - Administrative	(257,217)	(581,740)	(1,065,749)	(2,915,384)	(2,390,205)
613	Parks Sales Tax	62,295	27,193	(8,290)	20,566	14,989
614	Soil and Water Sales Tax	1,555	3,570	0	0	0
615	Apple Merchandising	4,715	5,064	5,184	838	10,029
616	State School Money	59,253,661	58,712,784	57,747,838	57,596,218	56,545,803
618	Handicapped Children's Trust Fund	0	0	0	0	21,690
619	Department of Revenue Information	3,844,376	3,903,445	3,129,572	2,699,485	2,142,108
620	Department of Social Services Educational Improvement	0	0	(2)	0	0
621	Blind Pension	14,625,859	15,570,167	16,786,123	17,417,008	18,430,376
622	Tort Victims Compensation	9,565	16,689	4,816,845	2,555,773	35,458
623	State Seminary Money	224,084	236,788	211,031	232,976	211,256
624	Livestock Dealer Law Enforcement and Administration	3,709	4,946	6,293	1,438	3,219
626	State Guaranty Student Loan	4,316,116	4,380,199	0	0	0
627	Board of Accountancy	589,961	635,199	623,635	540,727	526,375
628	Board of Barber Examiners	174,133	170,760	175,563	171,263	167,504
629	Board of Podiatry	44,927	53,408	51,686	53,051	90,562
630	Board of Chiropractic Examiners	277,104	257,485	271,048	283,110	324,397
631	Merchandising Practices Revolving	1,129,952	862,469	835,698	772,612	1,130,398
632	Board of Cosmetology	1,896,202	376,286	2,103,511	210,279	2,023,878
633	Board of Embalmers and Funeral Directors	437,156	455,466	467,823	483,901	784,292
634	Board of Registration for Healing Arts	3,168,610	3,243,660	3,515,430	3,530,403	3,276,623
635	Board of Nursing	1,737,466	3,097,964	1,041,452	2,686,608	1,024,826
636	Board of Optometry	88,084	125,612	124,604	128,351	130,532
637	Board of Pharmacy	1,058,506	1,120,302	1,118,388	1,177,263	1,589,695
638	Missouri Real Estate Commission	1,496,353	1,964,355	1,534,040	2,059,250	1,551,888
639	Veterinary Medical Board	341,293	340,726	344,216	341,247	352,801
644	Highway Department	138,282,043	138,954,472	136,850,756	147,650,514	570,743,710
645	Milk Inspection Fees	1,483,842	1,461,870	1,390,580	1,427,041	1,530,405
646	Department of Health Document Services	132,284	221,169	197,143	141,887	113,094
647	Grain Inspection Fees	1,374,474	1,755,887	1,505,428	1,458,494	1,480,079
648	Petition Audit Revolving Trust	102,392	111,143	168,398	103,612	208,295
649	Water and Waste Water Loan	46,293	62,319	56,047	82,562	95,520
650	Tourism Marketing	395	0	1,000	1,000	1,000
651	Excellence in Education	1,969,563	2,108,992	1,851,521	86,305	153,073
652	Workers' Compensation	1,192,237	13,588,696	13,597,121	25,275,726	19,925,087
653	Workers' Compensation - Second Injury	2,780,461	3,928,274	19,036,957	33,556,340	36,331,039
654	State Environmental Improvement Authority	0	0	1,631	0	0
655	Missouri Prospective Teachers Loan	1,030	360	240	90	0
657	Lottery Enterprise	0	0	0	0	0
658	Department of Health - Donated	181,473	909,455	487,508	997,118	1,225,937
659	Railroad Expense	502,560	507,778	765,196	701,545	709,503
660	Water Well Drillers	481,901	491,579	494,758	495,165	577,842
662	Petroleum Inspection	1,886,807	1,700,177	1,796,504	1,792,948	2,564,550
663	Missouri Disaster	0	0	0	0	0
666	Attorney General's Anti-trust	104,976	454,528	332,771	0	536,842
667	Energy Set-Aside Program	556,801	695,146	1,088,875	1,163,367	979,589
668	State Land Survey Program	1,183,239	1,253,040	1,372,894	1,730,569	1,459,862
669	Petroleum Violation Escrow	1,163,320	1,232,242	1,256,533	1,199,858	1,157,839
670	Legal Defense and Defender	654,082	438,558	653,048	999,043	928,806
671	Criminal Record System	1,210,678	1,603,159	2,164,400	2,478,711	3,215,502
672	Committee on Professional Counselors	266,289	299,190	317,889	337,047	358,182
673	Motor Fuel Tax	499,231,650	562,182,075	596,880,734	599,443,779	51,052,429
674	Highway Patrol Academy	167,808	259,883	337,139	390,149	417,174
675	State Transportation	0	0	0	0	906,304
676	Hazardous Waste	1,174,939	1,121,670	980,823	1,188,104	915,106
677	Dental Board	512,403	678,038	656,139	649,006	656,263
678	State Board of Architects, Engineers and Land Surveyors	550,425	1,019,932	531,831	1,093,343	760,234
679	Safe Drinking Water	2,885,439	2,911,110	2,852,193	2,871,008	3,030,127
680	Missouri Office of Prosecution Services	164,906	159,777	191,131	207,709	202,074
681	Crime Victims' Compensation	4,336,598	3,825,731	4,490,679	4,988,090	5,344,792

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
 CONSTITUTION OF MISSOURI
 SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1996	1997	1998	1999	2000
683	Marketing Development	432,942	433,748	450,575	471,587	487,893
684	Coal Mine Land Reclamation	375,778	221,410	132,818	181,852	98,601
685	Missouri Horse Racing Commission	88	0	0	0	9
686	State Elections Subsidy	0	0	0	0	0
687	Fair Share	25,632,040	25,078,896	24,959,778	24,684,130	24,304,409
688	School District Trust	100	0	0	0	0
689	Professional Registration Fees	(28,543)	(30,474)	(33,258)	(32,180)	(29,830)
690	Hazardous Waste Remedial	2,391,093	3,104,501	2,066,329	3,274,060	2,215,837
691	Missouri Air Pollution Control	888,741	921,777	948,257	949,193	420,717
692	State Legal Expense	0	0	1,500	0	238
693	Athletic	88,705	210,211	356,416	426,397	320,637
694	Children's Trust	1,529,200	1,651,531	1,612,737	1,719,145	1,903,193
695	Highway Patrol Motor Vehicle Revolving	4,318,508	4,429,562	5,103,182	5,137,004	6,666,603
696	Local Government Energy Conservation Loan	214,050	143,099	0	0	0
697	Abandoned Mine Reclamation	20,585	24,729	27,586	32,134	37,033
698	Meramac-Onondaga State Parks	45,997	46,948	50,259	52,744	53,940
699	Oil and Gas Remedial	38,199	0	0	0	0
706	Missouri State Employees' Deferred Compensation Incentive Plan Administration	39,775	51,250	0	0	0
710	Proceeds of Surplus Property Sales	929,115	1,016,777	393,129	337,213	645,584
715	ADA Compliance	0	0	(30)	0	0
753	Debt Offset Escrow	(6,195,085)	(4,821,258)	(5,568,241)	(3,213,563)	(3,900,657)
756	Agriculture Bond Trustee	0	0	0	0	0
760	Proprietary School Bond	0	0	9,393	(9,393)	0
812	Confederate Memorial Park	5,237	5,456	5,940	6,347	6,609
817	State Public School	85,105	121,065	95,009	146,340	276,988
820	Marital and Family Therapists'	0	0	0	47,985	29,749
822	Library Networking	0	0	0	0	26,789
824	Organ Donor Program	124,099	353,369	367,465	373,458	276,873
826	Child Labor Enforcement	400	5,850	45,915	69,025	82,865
828	Inmate Incarceration Reimbursement Act Revolving	17,200	57,245	55,129	35,737	46,584
829	Secretary of State's Investor Education	15,100	124,608	22,980	104,392	40,840
830	Property Reuse	0	107,322	181,324	188,312	184,427
831	State Court Administration Revolving	0	0	0	(117)	11,805
833	Respiratory Care Practitioners	0	0	245	168,060	234,628
834	Concentrated Animal Feeding Operation Indemnity	0	0	25,086	33,583	44,328
836	State Document Preservation	0	20,053	9,289	12,409	2,418
838	Light Rail Safety	0	0	3,000	0	3,000
839	Student Grant	0	0	0	0	0
840	Academic Scholarship	0	0	0	0	0
841	State Transportation Assistance Revolving	0	0	52,718	53,685	102,079
842	Criminal Justice Network and Technology Revolving	0	0	0	0	0
844	Missouri Office of Prosecuting Services Revolving	0	0	1,710	60,035	66,940
845	Missouri Board of Occupational Therapy	0	0	1,037	315,717	77,625
846	Licensed Purfusionists	0	0	0	13,606	0
849	Bridge Scholarship	0	0	0	0	0
851	U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Interest Account	0	0	0	0	0
852	Domestic Relations Resolution	0	0	0	177,217	234,340
853	Correctional substance Abuse Earnings	0	0	0	16,171	70,552
855	Missouri Wine Marketing and Research Development	0	0	0	7,308	8,698
856	Advantage Missouri Trust	0	0	0	0	4
858	Missouri College Guarantee	0	0	0	8,033	272,549
859	Early Childhood Development, Education and Care	0	0	0	62,048	1,393,287
862	Escheats	455,928	330,704	620,640	849,278	656,006
863	Abandoned Fund Account	16,537,096	21,184,632	11,757,373	13,462,992	14,313,247
872	State Seminary	0	0	0	0	0
873	Champ W. Smith & Mary C. Smith Memorial Endowment Trust	20,537	20,330	21,062	21,268	21,750
878	Kids' Chance Scholarship	0	0	0	0	1,192

Exhibit B

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY FUND

Fund Number	Fund Name	Year Ended June 30,				
		1996	1997	1998	1999	2000
880	Guaranty Agency Operating	0	0	0	0	0
881	Federal Student Loan Reserve	0	0	0	0	0
885	Premium	0	0	0	0	0
900	Missouri National Guard Trust	0	0	0	11,183	155,843
904	Agriculture Development	180,467	161,484	76,686	(60,578)	4,446
905	Alternative Care Trust	0	0	0	0	0
906	Mined Land Reclamation	321,068	304,803	402,954	499,294	507,484
911	Babler State Park	284,337	281,006	335,810	292,429	322,829
920	School for Blind Trust	399,400	745,171	1,311,301	1,671,881	0
922	School for Deaf Trust	15,000	0	8,038	0	5,825
925	Institution Gift Trust	0	5,500	697	10,106	214,350
926	Mental Health Institution Gift Trust	6,937,519	6,023,564	5,234,238	7,276,348	6,210,745
927	Department of Health Institution Gift Trust	20,876	123	0	0	0
928	Secretary of State Wolfner Library	3,811	8,059	29,649	45,718	47,677
929	Secretary of State Institution Gift Trust	58,510	55,081	53,653	46,963	37,452
948	Unemployment Compensation Administration	79	(3,871)	(25)	(21,611)	0
949	Special Employment Security	981,705	811,942	715,630	847,281	2,405,602
950	Crippled Children	5,867	28,950	3,420	3,790	2,666
951	State Fair Trust	4,904	4,007	3,890	3,339	3,943
952	Aviation Trust	418,275	428,161	467,588	2,985,393	5,603,122
963	Pansey Johnson-Travis Memorial State Gardens Trust	36,395	37,868	0	0	0
	Total All Funds	\$ 6,386,936,483	6,908,736,259	7,155,138,374	7,343,678,391	7,371,743,299

See the accompanying Notes to the Exhibits.

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Revenue Source Code	Type of Revenue	Year Ended June 30, 2000
1001	Sales and use tax	\$ 1,711,735,812
1003 (i)	Parks sales and use tax	34,747,135
1005 (h)	Soil and water sales and use tax	34,746,972
1007	General revenue reimbursements - local sales and use tax	2,579,696
1009	Motor vehicle sales tax	212,131,664
1011 (u)	Conservation sales and use tax	86,885,502
1013 (b)	Proposition C sales and use tax	682,981,580
1015	Sales and use taxes paid under protest	1,650,756
1022	Individual income tax	4,276,499,738
1024	Individual income taxes paid under protest	1,315
1026	Corporate income tax	443,212,366
1028	Corporate income taxes paid under protest	(284,067)
1033	County foreign insurance tax	146,759,514
1035	County stock insurance tax	0
1037	Worker's compensation insurance tax	19,082,046
1039	Worker's compensation insurance tax - second injury	36,035,166
1041	Excess lines of insurance tax	7,871,619
1049	Heavy beer tax	8,045,753
1051	Light beer tax	106,295
1053	Liquor tax	14,256,263
1055	Wine tax	2,930,608
1057	Cigarette tax	103,356,006
1059	Tobacco product tax	8,649,933
1060	Motor vehicle fuel tax	386,297,792
1060 (c)	Motor vehicle fuel tax	169,035,971
1060 (n)	Motor vehicle fuel tax	150,023,029
1062	Special fuel non-gas tax	2,617,137
1064	Aviation fuel tax	599,279
1070	Corporation franchise tax	78,165,764
1073	Estate tax	132,700,434
1074 (o)	Bingo tax	3,849,044
1076 (p)	Gaming commission gross receipts tax	178,423,987
1080	Real and personal property tax	16,062,211
1082	Delinquent real and personal property tax	2,368,166
1084	Hazardous waste tax	2,191,446
1088	Nursing facility reimbursement allowance	6,643,749
1090	Federal reimbursement allowance	11,914,000
1092	Payments in lieu of taxes	300,000
1093	Athletic events tax	280,226
1097	Agency collected sales taxes	106,626

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Revenue Source Code	Type of Revenue	Year Ended June 30, 2000
1099	Other taxes	174,489
1100	Professional licenses or permits	14,899,229
1102	Recreational licenses or permits	3,982,073
1104	All-terrain vehicle licenses or permits	124
1106	Motor vehicle licenses or permits	161,503,917
1108	Interstate transportation licenses or permits	60,695,858
1108 (c)	Interstate transportation licenses or permits	4,947,537
1110	Driver's licenses or permits	17,693,434
1112	Land reclamation commission permits	431,593
1114	Salesman licenses or permits	3,402,585
1116	Vehicle and boat manufacturer and dealer licenses	905,896
1118	Liquor licenses or permits	3,666,225
1120	Gaming commission licenses	2,195,634
1122	Beer licenses or permits	12,997
1124	Motor carrier licenses	2,836,180
1126	Hunting and fishing licenses and commission permits	27,337,935
1127	Hunting and fishing special tags	1,315,350
1128	Hazardous waste transporter licenses	402,725
1130	Water pollution control permits	2,136,218
1132	Overdimension/overweight permits	4,828,860
1134	Merchant licenses	811,482
1136	Tobacco licenses	22,700
1138	Temporary licenses	1,175
1140	Duplicate plates	1,477
1149	Other licenses and permits	2,359,154
1150	Lobbyist registration fees	1,760
1152	Motorboat fees	5,550,804
1154	Narcotics and dangerous drugs fees	678,240
1156	Occupational boards exam fees - individual exam fees	131,032
1160	Non-motor fuel decal fees	520,725
1162	Filing fees	14,471,503
1164	Transfer fees	30,272
1169	Other registration fees	11,219,536
1174	Asbestos fees	259,101
1178	Milk control fees	55,451
1180	Home health care license fees	132,600
1182	Nursing home license fees	147,267
1184	Title V emissions fees	4,522,691
1185	Emission fees/non Title V facilities	1,116,242
1186	Boarding home license fees	743,567

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Revenue Source Code	Type of Revenue	Year Ended June 30, 2000
1188	Public utilities fees	21,432,233
1190	Hospital license fees	90,528
1192	Grain warehouse license fees	36,295
1194	Missouri primacy fees	2,496,191
1196	Underground storage tank annual participation fees	1,233,560
1198	Transport load fees	14,352,974
1200	Storage tank registration fees	260,059
1202	Tourist cabin permit fees	142,685
1206	Solid waste disposal fees	9,490,126
1208	New tire fees	1,968,304
1210	Ground water protection fees	524,281
1212	Water and sewage fees	0
1214	Insurance regulatory fees, renewals and purchasing groups	1,907,337
1216	Air conservation commission permit fees	313,418
1218	Bingo license fees	71,890
1220	Lab fees	1,514,785
1222	Program administration fees	813,724
1223	Confined animal feed operation indemnity fees	40,321
1224	Railroad assessments	705,384
1227	Enhanced vehicle emission inspection fees	375,241
1229	Beverage inspection fees	430,452
1233	Grain warehouse inspection fees	1,456,065
1235	Milk inspection fees	1,530,402
1237	Ice cream products inspection fees	32,845
1239	Mine inspection fees	91,251
1241	Mobile home and recreational vehicle inspection fees	288,790
1243	Oil inspection fees	2,422,783
1249	Other inspection fees	918,601
1250	Collection fees	24,176,296
1252	Admission fees	982,328
1252 (p)	Admission fees - Riverboat gambling	49,206,860
1254	State auditor fees	743,699
1260	Grade crossing safety fees	757,852
1262	Loan administration fees	1,963,020
1262 (y)	Loan administration fees - Student loan funds	197,293
1264	Court fees	18,863,188
1266	Financial institutions examination fees	6,764,447
1268	Consumer finance license fees	677,700
1270	Transcript fees	141,467
1274	Marketing development fees	196,742

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Revenue Source Code	Type of Revenue	Year Ended June 30, 2000
1276	Miscellaneous insurance fees	594,567
1278	Gaming commission administrative income	2,174
1279 (e)	Lottery commission fees	195,279
1280	Motor vehicle inspection sticker fees	4,013,513
1282	Logo sign advertising fees	3,241,796
1284	Public defender fees	918,393
1286	Witness fees	3,915
1288	County recorders fees	8,011,015
1290	Training or conference fees	25,003
1294	Electronic monitoring fee	801,843
1298	Substance abuse offender program fees	1,756,647
1302	Criminal records check fees	3,317,577
1303	Other fees	3,311,554
1303 (y)	Other fees - Student loan funds	3,660
1305 (d)	Bond sales proceeds	40,024,065
1310	Land sales	1,330,053
1312	Sales of natural resources products	3,040,229
1314	Sales of agriculture products	1,793,736
1316	Manufactured product sales	12,203,435
1318	Information sales	3,672,650
1320	Souvenir sales	620,200
1322	Surplus property sales - State	3,924,703
1322 (e)	Surplus property sales - State - Lottery Fund 657	137,302
1322	Surplus property sales - State	573,282
1324	Surplus property sales - Federal	1,953,910
1328	Sales of fixed assets - control (used by the system only)	6,703,573
1330	Vital records sales	1,281,566
1332 (e)	Lottery ticket sales	278,290,515
1334	Cafeteria sales	685,678
1338	Other sales	215,465
1401	Land rentals/leases	5,226
1403	State facilities rentals/leases	679,339
1404	Parking rentals/leases	123,796
1405	Concessions and recreational rentals/leases	2,497,975
1407	Housing/building rentals/leases	377,587
1409	Other leases and rentals	1,516,822
1414 (a)	Medicare	8,692,048
1416 (a)	Medicare - community based	406,508
1418 (a)	Medicaid	62,838,731
1419 (a)	Medicaid - case managers	0

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Revenue Source Code	Type of Revenue	Year Ended June 30, 2000
1420 (a)	Medicaid - community based	62,380,747
1422	Private Payments	6,919,977
1424	Insurance payments	1,759,775
1426	Other payments	900,723
1434	Institutional support fees	55,980
1436	Room and care	13,155,285
1501	Private donations	3,950,259
1502	Other governmental entity donations	24,852
1507 (a)	Nasao (airport inspections)	22,102
1510 (a)	US Department of Agriculture	560,196,906
1512 (a)	US Department of Defense	2,106,505
1514 (a)	US Department of Housing and Urban Development	50,354,645
1516 (a)	US Department of Interior	17,245,212
1518 (a)	US Department of Justice	10,751,283
1520 (a)	US Department of Labor	25,814,992
1522 (a)	US Department of Education	365,963,223
1522 (y)	US Department of Education	17,638,453
1524 (a)	US Department of Transportation	652,918,051
1526 (a)	National Foundation for the Arts and Humanities	3,686,964
1528 (a)	US Veterans Administration	32,052,514
1530 (a)	US Environmental Protection Agency	50,826,223
1532 (a)	US Department Of Energy	5,917,842
1534 (a)	Federal Emergency Management Agency	11,331,901
1536 (a)	US Department of Health and Human Services	3,064,483,249
1538 (a)	National and Community Services	76,600
1540 (a)	US Social Security Administration	31,178,359
1549 (a)	Miscellaneous federal revenues	21,281,830
1551	County mental health programs	5,527,382
1560 (a)	Federal pass-through grants	37,845,336
1601	Time deposits interest	16,251,174
1601 (b)	Time deposits interest - Fund 688	297,972
1601 (e)	Time deposits interest - Fund 657	151,656
1601 (h)	Time deposits interest - Fund 614	93,797
1601 (i)	Time deposits interest - Fund 613	109,228
1601 (l)	Time deposits interest - Fund 905	11,087
1601 (o)	Time deposits interest - Fund 289	51,108
1601 (p)	Time deposits interest - Fund 285	51,477
1601 (q)	Time deposits interest - Fund 963	3,274
1601 (u)	Time deposits interest - Fund 609	130,222
1601 (y)	Time deposits interest - Fund 851	98,161

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Revenue Source Code	Type of Revenue	Year Ended June 30, 2000
1601 (y)	Time deposits interest - Fund 626	113,341
1601 (y)	Time deposits interest - Fund 880	42,929
1601 (y)	Time deposits interest - Fund 881	125,307
1603	U.S./agency securities interest	147,044,390
1603 (b)	U.S./agency securities interest - Fund 688	2,493,607
1603 (e)	U.S./agency securities interest - Fund 657	1,192,799
1603 (h)	U.S./agency securities interest - Fund 614	752,798
1603 (i)	U.S./agency securities interest - Fund 613	868,255
1603 (l)	U.S./agency securities interest - Fund 905	87,364
1603 (o)	U.S./agency securities interest - Fund 289	404,104
1603 (p)	U.S./agency securities interest - Fund 285	408,618
1603 (q)	U.S./agency securities interest - Fund 963	28,571
1603 (u)	U.S./agency securities interest - Fund 609	1,053,614
1603 (y)	U.S./agency securities interest - Fund 851	758,800
1603 (y)	U.S./agency securities interest - Fund 626	752,182
1603 (y)	U.S./agency securities interest - Fund 880	367,772
1603 (y)	U.S./agency securities interest - Fund 881	1,131,246
1610	Interest on loans	729,476
1614	Interest on receivables	44,466
1616	Interest on settlements	40,772
1618	Other interest	462,973
1618 (y)	Other interest - Fund 880	118,318
1621	Penalties	12,967,821
1624	Settlements	571,324
1626	Court awards	1,726,800
1626 (e)	Court awards - Lottery Fund 657	60
1628	Insufficient funds charges	4,313
1634	Estates	611,436
1636	Unclaimed properties	22,358,117
1700 (f)	Salary refunds - federal	557,642
1701 (f)	Salary refunds - state	26,484
1702 (f)	Salary refunds - local/other	19,307
1703 (f)	General relief pension refunds	3,249,761
1704 (f)	Blind pension refunds	16,373
1706 (f)	Dependent children pension refunds	561,846
1715 (f)	Day care refunds	106,914
1717 (f)	Medicare - Medicaid refunds	136,935,781
1719 (f)	Cost in criminal cases refunds	234,418
1721 (f)	Vendor refunds - federal	699,732
1722 (f)	Vendor refunds - state	558,052

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Revenue Source Code	Type of Revenue	Year Ended June 30, 2000
1723 (f)	Vendor refunds - local/other	72,613
1724 (f)	Political subdivision refunds	143,011
1725 (f)	Excess court payment refunds	852,927
1727 (f)	School refunds	11,844,955
1729 (f)	Audit findings - federal	7,698
1730 (f)	Audit findings - state	15,421
1731 (f)	Audit findings - local/other	729,638
1732 (f)	Utility refunds	18,184
1733 (f)	Fuel tax refunds	170,120
1737 (f)	Other refunds	4,561,764
1737 (y)	Other refunds	23,345,997
1806 (w)	Recovery costs	15,033,232
1806 (e)	Recovery costs - Lottery Fund 657	1,514
1808	Deposit of surplus property funds	609,879
1811 (z)	Local match	925,017
1812 (x)	Cost reimbursements - federal	2,015,773
1813 (x)	Cost reimbursements - state	16,532,344
1813	Cost reimbursements - state (included)	7,087,444
1814 (x)	Cost reimbursements - local/other	130,645,961
1814 (e)	Cost reimbursements - local/other - Lottery Fund 657	885
1814 (l)	Cost reimbursements - local/other - Alternative Care Trust Fund 905	3,351
1816	Bond account	2,557,222
1818 (v)	Employee expense reimbursement - federal	4,281
1819 (v)	Employee expense reimbursement - state	5
1820 (v)	Employee expense reimbursement - local/other	25
1821 (v)	Employee personal expense reimbursement	24,372
1821 (p)	Employee personal expense reimbursement - Riverboat gambling	3,186
1822 (k)	Outlawed checks	8,592,553
1822 (e)	Outlawed checks - Lottery Fund 657	3,142
1822 (l)	Outlawed checks - Alternative Care Trust Fund 905	4,256
1824 (r)	Canceled checks	1,263,769
1824 (e)	Canceled checks - Lottery Fund 657	387
1824 (l)	Canceled checks - Alternative Care Trust Fund 905	553
1824 (p)	Canceled checks - Riverboat gambling	556
1826 (j)	Redeposit of investments principal	12,145,706
1828 (m)	Redeposit of loan principal	13,287,525
1830	Telephone commissions	11,469,797
1832	Commission on sales	51,954
1834	Rebates	5,448
1836	Housing and maintenance receipts	3,479

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Revenue Source Code	Type of Revenue	Year Ended June 30, 2000
1838	Loan defaults	513,145
1840 (t)	Loan proceeds	13,249,721
1842 (m)	Loan repayment	6,166,999
1843 (m)	Loans receivable contra account	129,835
1844	Insurance proceeds	2,617
1846	Capital credits/dividends	29,944
1848	Recycling receipts	27,945
1850	Forfeitures	1,512,074
1852	Overpayments	1,539,353
1852 (y)	Overpayments - Fund 880	827
1856 (a)	Other miscellaneous receipts - federal	61,106,244
1856 (y)	Other miscellaneous receipts - federal	1,737,862
1858	Other miscellaneous receipts - state	1,617,468
1858 (e)	Other miscellaneous receipts - state - Lottery Fund 657	44,229
1858 (l)	Other miscellaneous receipts - state - Alternative Care Trust Fund 905	8,199,272
1860	Other miscellaneous receipts - local/other	1,627,330
1860 (y)	Other miscellaneous receipts - local/other - Guaranty Student Loan Funds	128,014
1862	Fees for copying public records	152,086
1862 (e)	Fees for copying public records - Lottery Fund 657	313
1866	Federal share of grantee sales	110,794
1870	Receivable overpayment - state	220,516
6001 (g)	Supply sales	67,530
6003 (g)	Fleet services operations/maintenance	721,178
6005 (g)	Fleet services replacement	1,636,100
6007 (g)	Mail/freight services	621,835
6009 (g)	Telephone billing	39,848,893
6011 (g)	Printing service	7,393,887
6013 (g)	Reimbursement/recovery cost	8,974,728
6013 (e)	Reimbursement/recovery cost - Lottery Fund 657	434
6015 (g)	Leased facility	8,879,871
6017 (g)	Sale of material, supplies, and services	925,324
6019 (g)	Training	904,425
6021 (g)	Computer services	28,938,164
6023 (g)	Administration services	275,080
6025 (g)	Flight operations services	475,376
6027 (g)	Sale of manufactured products	15,998,275
6029 (g)	Interagency receipts	11,491,580
6029 (y)	Interagency receipts - Guaranty Student Loan Funds	473,094
6031 (s)	Redeposit of state funds	6,562,452
6032 (g)	Deposit of unclaimed property	467

Exhibit C

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF TOTAL STATE REVENUES, BY TYPE

Revenue Source Code	Type of Revenue	Year Ended June 30, 2000
	Total revenues	15,871,288,352
	Exclusions:	
(a)	Federal funds	5,139,478,016
(b)	Proposition C sales and use tax/interest	685,773,159
(c)	Proposition A gas tax and license fee increases	173,983,508
(d)	Bond sales	40,024,065
(e)	Lottery	280,018,514
(f)	Refunds	161,382,638
(g)	Interagency sales and receipts	127,152,714
(h)	Soil and water sales and use tax/interest	35,593,567
(i)	Parks sales and use tax/interest	35,724,618
(j)	Redeposit of investment principal	12,145,706
(k)	Outlawed checks	8,592,553
(l)	Alternative Care Trust Fund	8,305,883
(m)	Redeposit of loan principal	19,584,358
(n)	Amendment 8 motor fuel tax to local governments	150,023,029
(o)	Bingo	4,304,256
(p)	Riverboat gambling	228,094,683
(q)	Pansey-Johnson-Travis Memorial State Gardens Trust	31,845
(r)	Cancelled checks	1,263,769
(s)	Redeposit of state funds	6,562,452
(t)	Loan proceeds	13,249,721
(u)	Conservation sales and use tax/interest	88,069,338
(v)	State employee expense account reimbursement	28,683
(w)	Recovery costs	15,033,232
(x)	Cost reimbursements	149,194,077
(y)	State Guaranty Student Loan Funds	47,033,257
(z)	Local match	925,017
	CMIA Interest payment to the federal government	1,857,633
	Abandoned funds claim payments	8,058,274
	Proceeds of surplus property sales (Fund 710)	573,282
	Agency remitted sales tax	134,708
	Total exclusions	7,442,196,555
	Total revenues after exclusions	8,429,091,797
	Less: expenditure refunds (Exhibit D)	1,057,348,498
	Total State Revenue (TSR)	\$ 7,371,743,299

See the accompanying Notes to the Exhibits.

Exhibit D

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF EXPENDITURE REFUNDS, BY TYPE

Object Code	Description	Year Ended June 30, 2000
	SAM II Expenditure Refunds:	
3200	Bond refunds	\$ 2,290,015
3206	Deposit and escrow refunds	35,014
3215	Debt offset refunds	4,783,451
3218	Motor vehicle license fee refunds	824,338
3221	Driver's license fee refunds	131,228
3227	License and permit fee refunds	37,502
3230	Registration fee refunds	35,869
3233	Regulatory fee refunds	27,097
3236	Inspection fee refunds	82,817
3239	Miscellaneous fee refunds	529,580
3242	Sales refunds	10,333
3248	Medical services refunds	110,460
3254	Federal refunds	551,070
3257	Penalty and court award refunds	163,510
3260	Interagency billing refunds	7
3261	Receivable overpayment refunds	20,470
3266	Missouri consolidated check off refunds	114,102
3267	Deferred revenue refunds	923,124
3269	Other refunds	2,935,374
3272	Sales and use tax protested refunds	310,862
3281	County foreign insurance tax refunds	11,815,313
3287	Worker's compensation insurance tax refunds	1,171,372
3290	Worker's compensation second injury insurance tax refunds	498,879
3293	Cigarette tax refunds	62,268
3296	Tobacco products tax refunds	3,346
3299	Aviation fuel tax refunds	11,780
3302	Local use tax refunds	802,972
3305	Special fuel (non-gas) tax refunds	27,578,946
3308	Fuel tax refunds	14,487,597
3317	General sales and use tax refunds	58,164,070
3326	Motor vehicle sales tax refunds	4,313,818
3329	Motor vehicle use tax refunds	1,055,465
3335	Boat tax refunds	8,913
3338	Individual tax refunds	605,213,858
3341	Senior citizens tax refunds	56,623,024
3342	Pharmaceutical tax refunds	64,769,058
3344	Corporation tax refunds	189,693,766
3347	Franchise tax refunds	1,773,529
3350	Inheritance tax refunds	2,904,538

Exhibit D

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
SCHEDULE OF EXPENDITURE REFUNDS, BY TYPE

Object Code	Description	Year Ended June 30, 2000
3356	Other tax refunds	8,550
	Total SAM II Expenditure Refunds	<u>1,054,877,285</u>
	SAM Expenditure Refunds (Lapse Period)	
2530	Expense and equipment miscellaneous refund	378,671
2905	Sales tax refund	612,264
2906	Local use tax refunds	(16,772)
2910	Motor vehicle sales tax refunds	(2)
2930	Individual tax refunds	(43,872)
2935	Senior citizens tax refunds	0
2940	Corporation tax refunds	(228,990)
2945	Franchise tax refunds	98,506
2950	Regular fuel tax refunds	16,075
2970	Drivers license fee refunds	2,273
2975	Other tax refunds	1,497,136
2980	Miscellaneous refunds	155,924
	Total SAM Expenditure Refunds	<u>2,471,213</u>
	Total Expenditure Refunds	<u>\$ 1,057,348,498</u>

See the accompanying Notes to the Exhibits.

NOTES TO THE EXHIBITS

REVIEW OF ARTICLE X, SECTION 16 THROUGH 24
CONSTITUTION OF MISSOURI
NOTES TO THE EXHIBITS

1. Refunds paid for the year ended June 30, 1998, totaled \$178,843,080 which included \$166,740,970 for 1998 plus \$12,102,110 due from the prior years of 1995, 1996, and 1997. Of the amount due from prior years \$12,071,930 related to the court decision that payments to the state to recoup public safety and regulatory enforcement costs for gaming riverboats should be included in total state revenue. The remaining \$30,180 related to various minor adjustments for 1995, 1996, and 1997.
2. The state implemented a new accounting system (SAM II) beginning with fiscal year 2000. The coding structure (chart of accounts) was significantly changed under SAM II. As a result, revenue and expenditure refunds by type for fiscal years prior to SAM II are not comparable with fiscal year 2000. As a result, revenues by type are not presented on Exhibit C and expenditure refunds by type are not presented on Exhibit D for prior years.
3. Expenditure refunds are excluded from total state revenue on the cash basis of accounting, which means all refunds paid from July 1, 1999 through June 30, 2000. Expenditure refunds on Exhibit D include those paid from the state's new accounting system (SAM II) starting on July 1, 1999 and ending June 30, 2000, and refunds paid from the old accounting system (SAM) during the lapse period of fiscal year 1999 (July 1, 1999 through August 31, 1999).

BACKGROUND, METHODOLOGY, AND CONCLUSIONS

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
BACKGROUND, METHODOLOGY, AND CONCLUSIONS

The following identifies the various components of the amendment and the application of the amendment to state revenues.

Formula

Article X, Section 18(a) of the Constitution of Missouri establishes the revenue limit formula as follows:

Revenue limit for FY 19XX	= $\frac{\text{TSR in FY 1981}}{\text{CY 1979 Missouri personalincome (MPI)}}$ x	The greater of Missouri Personal Income (MPI) in the calendar year (CY) prior to the CY in which appropriations are made for FY 19XX or Average MPI for three CYs preceding FY 19XX.
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The formula is composed of two principal parts. The first part of the formula, the base year ratio (BYR), is as follows:

$$\frac{\text{TSR in FY 1981}}{\text{CY 1979 MPI}}$$

The application of this ratio to the second part of the formula (future years' MPI) ensures that no greater portion of a future year's personal income will be used to fund state government than was the case at the time of passage of the amendment. The MPI amounts used in the formula for the base year and subsequent years are reported by the U.S. Department of Commerce (DOC).

The OA-BP does not adjust the BYR for changes already made or for future changes or adjustments to this amount by DOC. Article X, Section 17(2) refers to ". . . total income . . . as defined and officially reported by" DOC. Even though the amendment does not specifically refer to such adjustments, this wording suggests that the BYR should be adjusted whenever CY 1979 MPI is adjusted by DOC. The use of the initial reporting of MPI does provide an unchanging BYR for future years, which provides at least two benefits. First, the state can more easily plan and make appropriate adjustments to stay under the revenue limit. Second, if the initial MPI is subsequently adjusted, retroactive refunds are a possibility. That is, an adjustment to MPI for any prior year (including the base year) could reduce the revenue limit for a prior year below that year's TSR, providing a refund where one previously was not due. Therefore, we find this approach reasonable so long as it is followed consistently.

As with the BYR, the OA-BP uses the MPI first officially published by DOC after the close of the CY to calculate the revenue limit for the applicable fiscal year. For the reasons expressed in the preceding paragraph, we find this approach reasonable so long as it also is followed consistently.

The BYR was calculated by the OA-BP as follows:

$$\frac{2,232.204096}{39,581.0} = .05639584891$$

In its calculations of the revenue limit the OA-BP rounded the BYR to .056395.

Article X, Section 18(b) allows the state to exceed the revenue limit by 1 percent before a refund is due. Therefore, to determine the point at which the refund provision takes effect (the refund threshold) the revenue limit is adjusted upward by 1 percent. However, should TSR exceed the refund threshold, all revenues in excess of the revenue limit are subject to refund.

Adjustments

Article X, Section 18(d) provides that the revenue limit may be adjusted, ". . . if responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment . . . provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such a change."

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo 2000, which was effective on July 1, 1981. In past years the SAO disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. The Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

Composition of Total State Revenues

An integral part in applying the provisions of the amendment to state revenues is to determine what constitutes TSR. The amendment does not specify the methodology to be used to determine TSR. Consequently, procedures to calculate TSR have been established and certain decisions as to items that would be either included or excluded have been made, except for items ruled on by the Attorney General or the Missouri courts.

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM II) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not included in TSR. These funds include university local funds, local sales tax fund collections made by the Department of Revenue, various funds held in trust for inmates, patients, etc., and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, "defined in the budget message of the governor for fiscal year 1980-81." The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.

From the revenue amounts obtained from SAM II, certain types of revenues are excluded to arrive at TSR, as defined in Article X, Section 17(1) of the constitution, as follows:

A. Federal Funds

Article X, Section 17 specifically excludes federal funds.

B. Proposition C Sales and Use Tax\Interest

In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.

C. Proposition A Gas Tax and License Fee Increases

In April 1987, the voters approved Proposition A, which increased the motor fuel tax by four cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded.

D. Bond Sales

An attorney general opinion concluded that proceeds of the state's general obligation bonds were not to be included in TSR.

E. Lottery

In November 1984, the voters approved Article III, Section 39(b) of the constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.

F. Refunds

Refunds received due to the overpayment of obligations by the state, as identified by certain revenue source codes, are excluded.

G. Interagency Sales and Receipts

Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue source codes, are excluded.

- H. Soil and Water Sales and Use Tax\Interest and**
- I. Parks Sales and Use Tax\Interest**

In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c) states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.

- J. Redeposit of Investment Principal**

The redeposit of investment principal is excluded.

- K. Outlawed Checks**

Outlawed checks, which are state checks that were not cashed by the payee within the time allowed, are redeposited in the state treasury and are excluded.

- L. Alternative Care Trust Fund**

The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo 2000. The Division of Family Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the Division of Veteran's Affairs hold funds in trust for inmates and patients; however, these funds are not in the state treasury and are not included in TSR. Funds held in trust are not state funds since the funds remain the property of the individual. Since the Alternative Care Trust Fund does not account for state funds, it is excluded.

- M. Redeposit of Loan Principal**

Redeposits of loan principal are excluded.

- N. Amendment 8 Motor Fuel Tax to Local Governments**

In August 1992, the voters approved an amendment to Article IV, Section 30(a) which revised the apportionment of the motor fuel tax. In addition, the amendment provided that beginning July 1, 1993, the net proceeds of fuel taxes allocated to local governments is excluded from TSR. Since the voters approved this revised allocation of the fuel tax, the fuel tax allocated to local governments is excluded.

- O. Bingo**

The August 1992 amendment to Article III, Section 39(d) related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo 2000 requires the bingo tax to be deposited in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.

P. Riverboat Gambling

In August 1992, the voters approved an amendment to Article III, Section 39(d) of the Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.

In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming which had been enacted by voters as Proposition A in November 1992.

Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d) and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d) of the Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

Under Senate Bills 10 and 11, the legislature also established a Gaming Commission Fund in the state treasury and authorized gaming commission license fees, penalties, administrative fees, reimbursements, and admission fees to be deposited in this fund and expended pursuant to state appropriation for various purposes.

On November 24, 1998, the Missouri Court of Appeals, Western District entered its final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar portion of the state imposed two dollar admission fee that is remitted to the "home dock city or county" is not included in TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR.

Q. Pansey Johnson-Travis Memorial State Gardens Trust Fund

The state received an endowment in 1987 for the purpose of establishing a memorial state garden. The state is to invest the endowment for 100 years before using the funds to establish the memorial garden. Since the funds cannot be appropriated until 2087, the revenue is excluded from TSR.

R. Canceled Checks

Receipts derived from the redeposit of state checks that have been canceled are excluded.

S. Redeposit of State Funds

The redeposit of state funds for which a state expenditure was originally incurred, such as from closing a petty cash fund and returning the funds to the state treasury, is excluded.

T. Loan Proceeds

The state receives loans or advancements from the federal government, local governments, or private sources, to finance the acceleration of state projects. Since the loans must be repaid in the future, they are excluded.

U. Conservation Sales and Use Tax/Interest

Pursuant to the Supreme Court decision in Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al., 994 S.W. 2d 27 (Mo. Banc. 1999), the revenue derived from the one-eighth of one percent conservation sales tax, and any interest earned on the investment of these funds, are excluded.

V. State Employee Expense Reimbursement

The state receives reimbursement from private individuals, firms, partnerships, corporations, etc. for state employee expenses incurred in providing testimony in a court of law, for which the employee has already been reimbursed by a state expense account. These reimbursements are excluded.

W. Recovery Costs (See Items Open to Interpretation)

Monies received from others for costs incurred by the state or to be incurred by the state are excluded.

X. Cost Reimbursements (See Items Open to Interpretation)

Monies received from other governments for reimbursements of costs incurred by the state are excluded.

Y. State Guaranty Student Loan Fund

Federal legislation in August 1997 made changes in the accounting required for federal education loans. Starting in state fiscal year 1998, the federal government considers all monies in these funds as property of the federal government. As a result, the state excludes these funds held in trust for the federal government.

Z. Local Match

Local governments provided funds to the state to use as a local match to qualify for federal or state funding. Since these local match funds are not state funds, they are excluded.

Cash Management Improvement Act

The state has to enter into an agreement with the federal government which governs the timing of when the state can obtain federal grant monies. If the state holds federal funds longer than needed, the state has to reimburse the federal government for interest earnings. Since the interest was earned on federal funds and has to be returned to the federal government, it is excluded from TSR.

Abandoned Funds Claim Payments

Under Section 447.543, RSMo 2000, the state receives abandoned funds from various sources (banks, businesses, insurance companies, etc.). These funds are placed in the state Abandoned Fund Account. The rightful owner may receive these funds if properly claimed. The state includes the receipts in TSR. Starting in fiscal year 1998, the state excludes from TSR amounts paid to the rightful owner.

Proceeds of Surplus Property Sales

The proceeds from some sales of surplus property are initially deposited into the Proceeds of Surplus Property Sales Fund then they are disbursed from this fund to the state fund that owned the property. To avoid counting the same receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

Agency Remitted Sales Tax

Some state agencies sell goods or services to the public and collect sales tax. To avoid counting the same receipts in TSR twice, the sales tax remitted by state agencies to the Department of Revenue is excluded from TSR.

Expenditure Refunds

According to Article X, Section 17(1), total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.

Items Open to Interpretation

The state has excluded from TSR receipts for cost reimbursements since fiscal year 1982 and receipts for recovery costs since fiscal year 1988. The constitution does not specifically mention cost reimbursements and recovery costs. We agreed with such exclusions in prior years because from an accounting standpoint, they may not be considered revenue. However, recent court decisions during 1998 have brought up issues that make it uncertain as to whether these receipts should be excluded. The Supreme Court decision in Kelly v. Hanson, et. al., 959 S.W. 2d 107 (Mo. 1998) on January 27, 1998, indicated the calculation of TSR presents unique financial related legal requirements (as opposed to treatment from an accounting standpoint), when the court determined that funds collected by the state may not be considered revenue in the context of TSR unless the funds are received into the state treasury and the funds are subject to appropriation. Receipts from cost reimbursements and recovery costs meet the Supreme Court's two-part test noted above. In addition, on November 24, 1998, the Missouri Court of Appeals, Western District entered a final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998) which ruled that revenue from the payments to the state to recoup

public safety and regulatory enforcement costs for gaming riverboats is included in TSR. These recoupments from the gaming riverboats are coded as recovery costs by the state and have been properly included in TSR by the state. However, it is uncertain whether all other revenue from recovery costs and cost reimbursements should be included based on the courts' decisions. Although we have also excluded these receipts in our calculations of TSR, we consider these items open to interpretation and we will continue to review these issues. It should be noted that had both cost reimbursements and recovery costs been included in TSR for fiscal year 2000, no refund would have been due to the taxpayers.

This report is intended for the information of the office's management and other applicable state government officials. However, this report is a matter of public record and its distribution is not limited.

APPENDIX

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
(ADOPTED NOVEMBER 4, 1980, AMENDED APRIL 2, 1996*)

TAXATION

Section 16. Taxes and state spending to be limited--state to support certain local activities--emergency spending and bond payments to be authorized. Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

Section 17. Definitions. As used in sections 16 through 24 of Article X:

(1) **"Total state revenues"** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.

(2) **"Personal income of Missouri"** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.

(3) **"General price level"** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

Section 18. Limitation on taxes which may be imposed by general assembly--exclusions--refund of excess revenue--adjustments authorized.

(a). There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded, exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b). For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual returns filed

following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c). The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d). If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

(e).1. In addition to the revenue limit imposed by section 18 of this article, the general assembly in any fiscal year shall not increase taxes or fees without voter approval that in total produce new annual revenues greater than either fifty million dollars adjusted annually by the percentage change in the personal income of Missouri for the second previous fiscal year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. In the event that an individual or series of tax or fee increases exceed the ceiling established in this subsection, the taxes or fees shall be submitted by the general assembly to a public vote starting with the largest increase in the given year, and including all increases in descending order, until the aggregate of the remaining increases and decreases is less than the ceiling provided in this subsection.

2. The term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee increase. For purposes of this calculation, "enacted by the general assembly" shall include any and all bills that are truly agreed to and finally passed within that fiscal year, except bills vetoed by the governor and not overridden by the general assembly. Each individual tax or fee increase shall be measured by the estimated new annual revenues collected during the first fiscal year that it is fully effective. The term "increase taxes or fees" means any law or laws passed by the general assembly after the effective date of this section that increase the rate of any existing tax or fee, impose a new tax or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or income, but shall not include the extension of an existing tax or fee which was set to expire.

3. In the event of an emergency, the general assembly may increase taxes, licenses or fees for one year beyond the limit in this subsection under the same procedure specified in section 19 of this article.

4. Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective.

5. Any taxpayer or statewide elected official may bring an action under the provisions of section 23 of this article to enforce compliance with the provisions of this section. The Missouri supreme court shall have original jurisdiction to hear any challenge brought by any statewide elected official to enforce this section. In such enforcement actions, the court shall invalidate the taxes and fees which should have received a public vote as defined in subsection 1 of this section. The court shall

order remedies of the amount of revenue collected in excess of the limit in this subsection as the court finds appropriate in order to allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset the excess monies collected.

Section 19. Limits may be exceeded, when, how. The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The governor requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

Section 20. Limitation on state expenses. No expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding. The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivision, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

Section 22. Political subdivisions to receive voter approval for increases in taxes and fees--rollbacks may be required--limitation not applicable to taxes for bonds.

(a). Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b). The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

Section 23. Taxpayers may bring actions for interpretations of limitations. Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county or other political subdivisions shall have standing to bring suit in a circuit court of proper venue and additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

Section 24. Voter approval requirements not exclusive--self-enforceability.

(a). The provisions for voter approval contained in sections 16 through 23, inclusive, of this article do not abrogate and are in addition to other provisions of the constitution requiring voter approval to incur bonded indebtedness and to authorize certain taxes.

(b). The provisions contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

* The 1996 amendment added Section 18(e).

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